



Human Capital Management and Inclusion, Diversity, Equity & Accessibility (IDEA) Issue Brief

Importance to Elanco and Stakeholders

Qualified, diverse and engaged employees are foundational to Elanco's success. Our people shape the Elanco culture and everything we do. Our Employee Promise states that together, we foster an inclusive culture where everyone can make a difference – encouraging ownership, growth and well-being, while focusing on customers and the animals in their care.

We strive to create a positive experience for all current and future employees globally, creating an environment for learning and career growth. Our global talent management strategy includes efforts to recruit and retain talent through targeted programs focused on the employee experience and well-being; advancing inclusion, diversity, equity and accessibility; continuous learning and development; and competitive compensation and benefits.

Our employees' unique experiences and backgrounds allow us to achieve our business goals effectively and efficiently. Jobs at Elanco create value for the communities we serve, through the economic impacts of our compensation and benefits programs, the skills of our employees and the efficacy of our products and services.

Our Action

Talent Attraction and Retention

We believe having a consistent flow of new talent is an important part of being a leading animal health company. We recruit talented and diverse individuals for roles across all functions, levels and countries where we operate.

Our higher education internship program operates globally and is managed locally, with the intent to convert interns to full-time employees. Our internships allow students to work with key business stakeholders on real-world projects, take part in an active curriculum to build skills, and receive formal mentoring – all with an opportunity to impact the success of our business.

We recruit highly qualified individuals from various sources for roles by maintaining recruiting partnerships with many U.S. colleges and universities, including partnerships with several Historically Black Colleges and Universities (HBCUs) and Hispanic Serving Institutions (HSIs) to increase the diversity of our talent pool. Additionally, we partner with several affinity groups from historically under-recognized communities to make connections with talented individuals interested in the animal health industry (see the *External Affiliations and Collaborations* section below).

Employee Engagement

We track global employee engagement as a key indicator of understanding employee well-being, confidence and satisfaction. Colleagues around the globe provide feedback through regular surveys and supervisory interactions. These engagement opportunities support our values and speak-up culture. Our formal Voice of the Employee survey measures key drivers of employee engagement at Elanco:

- Deliver
- Innovate
- Own
- Involve
- Growth
- Inclusion
- Make a difference
- Reward & Recognition
- Well-being

Our Voice of Employee survey process ensures we collect actionable employee feedback and enables external benchmarking of engagement results. Our Transformation Office and executive leadership have aligned to prioritize employee concerns identified through the survey, seeking to solve the most pains for the most people in the shortest time. We have implemented one Pulse Check in the final quarter of the year to track progress on action plans informed by survey results. Our engagement survey also includes a section for employees to provide constructive, confidential feedback to their direct manager through manager effectiveness questions.

Employee Giving and Volunteerism

Empowering employees to support organizations of personal interest with their time and talents is central to our purpose-driven culture. We believe giving back to the community provides financial, physical and mental benefits to those served – as well as to those serving. We support such community engagement, in part, with generous paid time off policies that support our employees in their efforts to give back. In early 2024, Elanco established an employee relief fund to support colleagues impacted by major unexpected hardship.

At Elanco, we make it easy for employees to participate in volunteering and charitable giving



opportunities. Our Healthy Purpose Portal is a social impact platform that helps employees find charitable organizations that align with Elanco's Healthy Purpose as well as their personal interests. Company-wide campaigns, such as our annual Global Day of Purpose and other seasonal initiatives, encourage colleagues to make a difference in their community – as an individual or a group. Additionally, we support the causes important to our employees with an annual charitable giving and volunteerism match from the Elanco Foundation, up to \$250 per employee, or the equivalent in the employee's local community - further amplifying individual employee impact.

Compensation & Benefits

We invest in our workforce by offering competitive base salaries, variable pay and benefits. We are committed to equitable, pay-for-performance compensation for all employees – and we benchmark our total rewards annually to ensure our compensation and benefit programs remain competitive with our peers and local markets.

We conduct internal reviews of pay levels annually to evaluate gender pay equity while ensuring processes are in place to establish equitable salaries when hiring, promoting and awarding merit increases – taking into consideration factors such as experience, qualifications, performance and applicable market data.

We provide competitive benefits for employees and their dependents that support every component of employee well-being – including physical, mental and financial well-being. Our benefits package is designed to encourage employees to develop a healthy work-life balance, where they enjoy coming to work and feel supported in their outside lives.

- **Compensation**
 - We offer attractive compensation plans, including base salary and variable pay and equity awards.
- **U.S. Benefit Offerings – Health and Financial**
 - We offer a retirement plan with a company match, a discretionary company retirement contribution, company paid life insurance, an employee stock purchase plan and numerous other financial benefits.
 - Our employees and their dependents have access to health and life insurance, short and long-term disability benefits, and more.
 - We have several health plan options which offer tax-advantaged health reimbursement accounts and health savings accounts so employees can maximize their benefits. We also offer healthcare and dependent care flexible

spending accounts that allow employees to pay for out-of-pocket healthcare and dependent care costs with pre-tax dollars.

- As part of our suite of family benefits, paid parental leave (including adoptive and foster parents) provides parents with up to 8 weeks of paid time off to bond with the new addition to their family. This time may be extended for birthing parents when paired with applicable short-term disability benefits.
- We also offer supplemental services which include fertility services, adoption, lactation rooms in our facilities and breast milk shipping, subsidized backup dependent/elder care, and more.
- **Outside the U.S. (OUS)**, our health and welfare benefits cover medical, life, disability and accident coverage competitive with local markets and/or aligned to statutory requirements. 85% of our policies are at market levels, and 12% of our policy offerings are above market. Additionally, Elanco strives to be competitive with the market by offering retirement plans to our OUS employees in countries where employer-sponsored retirement plans contribute to talent attraction and retention.
- **Work-Life Integration**
 - We offer a variety of scheduling and work location options, depending on position – including part-time, full-time work-from-home and roles that allow employees to flex their time between home and work/customer locations.
 - In the U.S., Elanco observes two annual week-long shut-down periods in addition to paid time off hours based on years of service. Employees can carry over a specified number of unused hours each year to meet their needs.

Employee Well-being

The physical, mental and financial health of our people is the foundation for the long-term success of our business. We know that employee well-being is connected to more productive outcomes, better collaboration, more fulfilled people and a more connected culture.

Our Employee Assistance Programs, available globally, offer free, confidential and impartial guidance and support for all global Elanco employees and their families. To ensure awareness and access to our well-being initiatives, opportunities for engagement are managed cross-functionally across our business through our teams focused on Health, Safety and Environment (HSE), global learning and development, and employee engagement. This multi-faceted approach to well-being allows employees to engage how, when and where they want – supporting their individual preferences.



We also drive employee engagement with well-being efforts through our global Well-being Champions group. This team meets regularly to provide a framework for communicating well-being topics and initiatives, with a focus on shared learning and well-being advocacy.

Inclusion, Diversity, Equity, and Accessibility (IDEA)

At Elanco, we encourage success based on individual merits and abilities. We support and obey laws that prohibit discrimination everywhere we do business. And Elanco fully considers qualified applicants, including those with a criminal history, for certain positions. We removed minimum education requirements, where appropriate, for U.S. job postings to ensure our job requirements don't inadvertently advantage certain demographics over others. Considering work or military experience in lieu of a college degree helps us find candidates who best meet the requirements for our open roles, regardless of how they gained their experience.

Our comprehensive strategy includes recruitment efforts focused on attracting high-quality talent from diverse sources, equity and inclusion and learning, and mentoring and development opportunities for all employees. We also acknowledge the continued needs of our diverse workforce through the evolution of our benefits, including holidays, paid time off and parental leave. We promote pay equity through policies that seek to address any potential disparities historically experienced by many women and People of Color. Our "IDEA Toolkit" provides an overview of IDEA at Elanco and supports all colleagues with tools for their own personalized IDEA journey.

Supporting inclusion, diversity, equity and accessibility efforts enterprise-wide, the Global IDEA Council is an employee-led and leadership-supported group that influences the strategic direction of IDEA efforts at Elanco as an internal business consultant, employee advocate and recruiting and retention resource for diverse talent.

Our nine ERGs serve as communities celebrating dimensions of difference and change catalysts driving our promise of an inclusive culture:

- **Elanco African American Network (EAAN):** Empowers and serves Elanco's African American and Black community globally while driving diversity and inclusion throughout the organization through employee engagement, talent recruitment and business partnership.
- **Elanco Disability Awareness Network (EDAN):** Raises awareness and increases understanding of seen and unseen disabilities across Elanco, within our local communities and globally. Strives to advocate for and advise on issues of importance to members and serves as a conduit between Elanco and the disability community across the globe.



- **Elanco East Asian Network (EEAN):** Promotes employee engagement and better business decisions through diversity and unity. Advocates for Chinese and East Asian communities in Elanco.
- **Elanco India Network (EIN):** Creates value for the company and members by forming strategic internal and external partnerships that support diversity initiatives and business objectives.
- **Elanco Pride:** Helps inspire, create, nurture and celebrate an open, safe and inclusive community where every employee (LGBTQ+, allies, colleagues, leaders and all others) can bring their whole self to work by providing an avenue for connectivity, advocacy, mentorship and resources.
- **Elanco Veterans Network (EVN):** Creates a sense of community, makes connections and builds awareness for topics important to military veterans and those wishing to show support for those who have served.
- **Elanco Women’s Network (EWN):** Strengthens Elanco’s future by accelerating gender parity through understanding, and leveraging and developing the capabilities of engaged women to better harness their diverse talents and create a competitive edge for Elanco.
- **Elanco Young Professionals (EYP):** Guides new employees and early career professionals to be more grounded in themselves, their relationships with their colleagues and their purpose within the organization – helping ensure the future of Elanco remains bright.
- **Organization of Latinos/Hispanics at Elanco (OLHE):** Contributes to Elanco’s business outcomes by leveraging the Hispanic and Latinx strengths, cultural awareness and business perspectives.

Employee Development

Employee development is a key part of our global talent management strategy. Elanco welcomes new U.S.-based employees with a comprehensive and dynamic onboarding curriculum. This includes a multi-day introduction to our mission, vision and Elanco’s core business areas – laying the foundation for successful integration into the company. The program combines a focus on functional understanding with opportunities for personal enrichment and community volunteerism.

We support individualized development journeys for all employees, which begins with the relationship between an employee and their supervisor. In line with the “Elanco Way of Execution,” all employees start the year by agreeing with their supervisor on their goals and expectations – including personal and career developmental goals and plans. This helps ensure

company goals are cascaded throughout the organization and each employee's goals are aligned with overall corporate and organizational "Essential Wins." Employees and supervisors review these annual goals regularly and mutually agree to adapt or establish new goals, as required. Evaluations cover both what was accomplished and how it was accomplished, in alignment with our Values (Integrity, Respect and Excellence) and Behaviors (Involve, Deliver, Innovate and Own). Continuous coaching between employee and supervisor is vital, to ensure employees receive timely feedback, guidance and support while adapting to the changing needs of the business throughout the year.

We also support a variety of development options for employees, such as role- and location-specific training, engagement in special projects, and internal or external learning opportunities. We offer an internal curriculum of online and instructor-led courses to help employees better understand our common leadership language and develop skills to expand their leadership toolkit. We also provide financial assistance to employees pursuing external academic degrees that benefit both the employee and the company.

The "Wealth of Elanco Learning and Leadership" program (The WELL) is an online platform offering leadership-focused training courses, podcasts, assessment tools, discussion planners, simulations and more. The platform supports core Elanco training by reinforcing leadership topics such as coaching, decision-making, managing through change and fostering innovation.

Code of Conduct training

Our Code of Conduct serves as a cornerstone of our values — guiding our employees, partners and stakeholders toward responsible and ethical practices. As part of our dedication to fostering a culture of integrity, we emphasize the importance of our Code of Conduct through annual training for all members of our team. In 2023, 100% of our active global employees completed their annual Code training, reaffirming their commitment to upholding our Code of Conduct.

Leadership Development

Elanco offers global leadership development programs tailored for specific career points and development needs:

- Our longest-running program, in place since 2004, the **Leadership Mirror** is a 360-degree feedback tool to help leaders gain clarity about how they are perceived by others through Elanco's leadership competencies, Values and Behaviors. Insights gained from the assessment are used to focus and accelerate professional development plans.

- Our **Diverse Mentorship Program** formally matches mentors and mentees from diverse backgrounds, experiences, and/or geographic locations to build mentoring relationships that offer a mutual shared benefit for both the mentee and mentor.
- The **Emerging Leaders Program (ELP)** focuses on developing top individual contributors into future leaders with the confidence and skills to influence without a position of authority. The curriculum is focused on leadership essentials, receiving feedback, strategies for handling crucial conversations, influencing strategies and modelling the Elanco culture.
- **New Leader Onboarding (NLO)** is intended for newly hired and promoted leaders within Elanco. During the series, participants receive vital information, tools and resources needed to be successful in of their leadership role.
- The **Leadership Essentials and Development (LEAD)** program enables Elanco leaders to master skills needed to create a high-performing team. The program equips leaders new to a supervisory role and experienced supervisors new to the company with inclusive leadership skills and tactical tools to manage challenging conversations and increase team performance. The curriculum includes coaching, performance assessment, development planning, conscious inclusion, emotional intelligence and leadership communication.
- The **Accelerated Leadership Development Program (ALDP)** builds on the foundation delivered in ELP and LEAD, and is focused on our top-level leaders. This comprehensive two-week program covers a wide array of critical topics, including leading through adversity and change, expanding business acumen, driving team effectiveness and fostering team and personal well-being.
- The **Women Leadership Program** helps accelerate the development of women who directly lead a team of individual contributors. Key program features include:
 - **Curriculum:** Participants attend quarterly virtual modules on becoming a trusted leader, managing organizational complexity and business acumen, delivered in collaboration with the Indiana University Kelley School of Business.
 - **Coaching:** Participants collaborate with a senior level sponsor, to foster readiness for advanced leadership roles.
 - **Community:** Participants strengthen professional connections through small peer group engagements with other women in the program, as well as others from local chapters of the Elanco Women's Network.
- The **Internal Professional Coaches Network** of employees is a group of Elanco employees with professional coaching program certifications. The network is



establishing a coaching academy designed to enhance managers' skills as team leaders.

Governance and Risk Management

Our approach to human capital management is led by the following team, each reporting to our Executive Vice President of Human Resources, Corporate Communications and Administration:

- **Executive Director of Global Talent Management:** talent attraction, retention, leadership development and training, engagement, and workforce diversity
- **Executive Director of Total Rewards:** compensation and benefits
- **Senior Vice President of Human Resources Business Partnership:** departmental collaboration on general human resources initiatives

Our management Executive Committee, which consists of our Chief Executive Officer and direct reports, reviews progress on our human capital management initiatives quarterly – including our workforce gender metrics and race and ethnicity representation, as well as the impact of IDEA events and activities throughout the organization.

The Board Compensation and Human Capital Committee is responsible for evaluating and periodically discussing with management our performance in the development, implementation and effectiveness of our policies and strategies related to human capital management and workforce diversity. Through regular updates, they are also kept informed of our compensation practices, including pay equity. Our overall IDEA strategy is reviewed annually by the Board Corporate Governance Committee. And the Board Audit Committee is responsible for oversight of our ethics and compliance program and regularly receives updates on our culture of integrity and the tone set by leaders throughout the organization.

Succession planning for our senior leadership positions is critical to our success. The Compensation and Human Capital Committee reports to our full Board on succession planning and leadership development for our Chief Executive Officer and certain other executive positions. This topic is discussed formally at least annually and also regularly in executive sessions.

External Affiliations and Collaborations

Talent Attraction

We maintain recruiting partnerships with many U.S. colleges and universities, including partnerships with several HBCUs to increase the diversity of our talent pools. We partner with several minority affinity groups to make connections with talented individuals interested in the animal health industry, including:



- Minorities in Agriculture, Natural Resources, and Related Sciences (MANRRS)
- Latinos in Agriculture, Society of Hispanic Professional Engineers (SHPE)
- Agriculture Future of America (AFA)
- National Sales Network

Other commitments

- Elanco has joined over 300 companies in signing the Human Rights Campaign statement opposing anti-LGBTQ+ legislation.
- Elanco participated in the INDY Racial Equity Pledge in Indianapolis, Indiana.

Metrics and Targets

We use data analytics and regular employee feedback to inform and enhance our human capital management strategy, policies, goals and programmatic efforts. This helps inform our managerial approach and impact decision making.

Q1 2024 Manager Effectiveness 79%	Goal >83%
Q1 2024 Voluntary Turnover Rate 9.8%	Goal <10%
Q1 2024 Total Full Time Employees 9,818	Goal 9,905

IDEA Aspirational Goals

We are resetting our aspirational goals for an additional three years (from 2024 to 2026), to further our commitment to attract and retain high quality talent from various sources.

Employee Engagement Goals

- Meet or exceed annual employee engagement goals based on an external benchmark
- Reach 25,000 employee volunteer hours across 2,500 volunteers annually by 2025, in support of disaster relief and community service projects

Human Capital Management Metrics

Please view our ESG Key Performance Indicators

The content of this brief is informed by global ESG disclosure standards and frameworks.

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